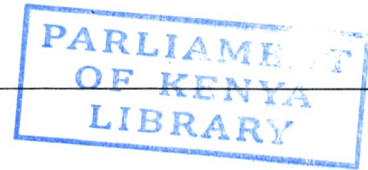


REPUBLIC OF KENYA

SUMMARY
OF THE REPORT
OF THE
AUDITOR-GENERAL
ON THE
FINANCIAL STATEMENTS
FOR
NATIONAL GOVERNMENT
FOR THE
YEAR 2015/2016



OFFICE OF THE AUDITOR-GENERAL

Vision

Effective accountability in the management of public resources and service delivery

Mission

Audit and report to stakeholders on the fairness, effectiveness and lawfulness in the management of public resources for the benefit of Kenyan people

Core Values

Independence | Integrity | Professionalism | Innovation | Team Spirit

Motto

Enhancing Accountability

Website: www.oagkenya.go.ke

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SUMMARY OF THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR MINISTRIES, DEPARTMENTS, COMMISSIONS, FUNDS AND OTHER ACCOUNTS OF THE NATIONAL GOVERNMENT FOR THE YEAR 2015/2016

1 General

1.1 Legal Mandate of the Office of the Auditor-General

- Office of the Auditor-General is established as an Independent Office under Article 248(3) of the Constitution of the Republic of Kenya.
- The Auditor-General is appointed in accordance with Article 229 of the Constitution.
- The statutory duties and responsibilities of the Auditor-General are given in Article 229(4) (5) (6) and (7) of the Constitution and Public Audit Act, 2015.

I have already issued my audit reports to the respective accounting officers for the financial statements for 2015/2016 of their respective Ministries, Agencies, Departments and Funds.

This report provides a Summary of my audit findings of the financial statements of the National Government of the Republic of Kenya for the financial year ended 30 June 2016.

The scope of the audit in National Government includes Ministries, Government Departments, Agencies, Funds and Development Partners' funded Projects.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with International Public Sector Accounting Standards (IPSAS) -Cash Basis and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor – General in accordance with the provisions of Section 47 of the Public Audit, 2015.

1.3 Auditor-General’s Responsibility

I carried out my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes evaluating the accounting policies used and significant estimates made by Management, as well as evaluating the overall presentation of the financial statements. Further, it includes procedures to determine whether public money has been applied lawfully and in an effective way.

I considered the public entities’ internal control systems in order to determine my auditing procedures for the purpose of expressing an opinion on their financial statements. To ensure that the execution of the National Budget was in conformity with the provisions of existing laws, regulations and prescribed procedures, the audit essentially covered authorization and approval of expenditure, budget procedures, management of bank accounts and a review of the internal control systems set up by the audited public entities.

The sections below highlight key findings noted during the audit of the financial statements for the year ended 30 June 2016.

2 National Government Budgetary and Expenditure Review

2.1 Budget Review

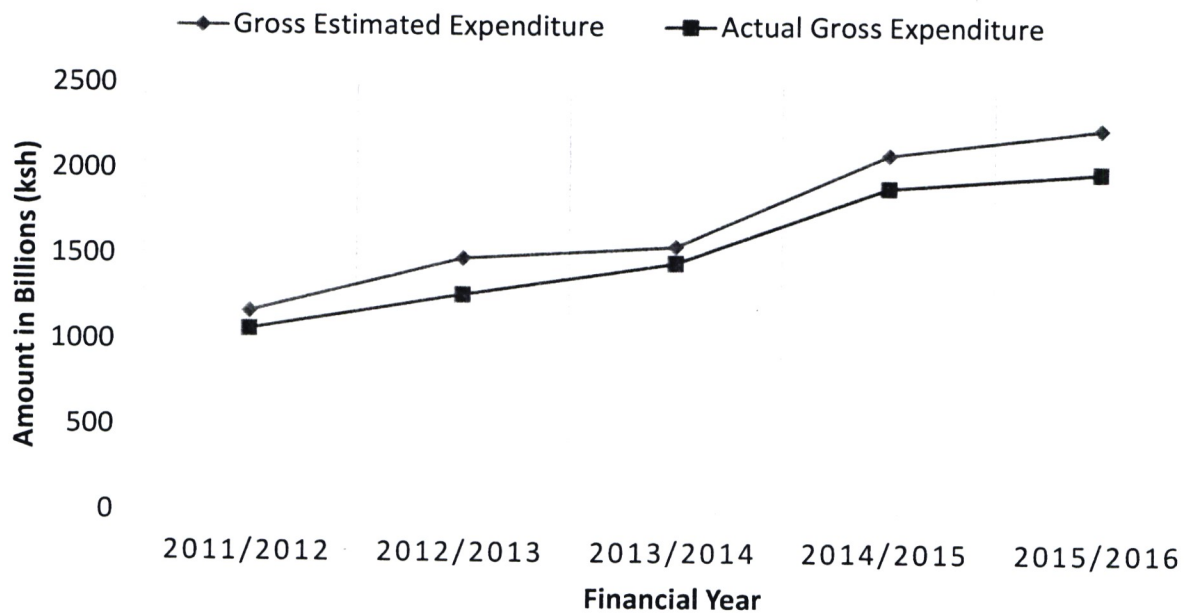
2.1.1 Budget Trend Analysis

The gross estimated Government expenditure has increased over the last five years from Kshs.1,170,478,418,074 in the year 2011/2012 to Kshs.2,253,494,806,467 in the year 2015/2016 representing an increase of Kshs.1,083,016,388,393 or approximately 93% over the five year period. Similarly the actual gross expenditure has increased over the years from Kshs.1,066,835,338,744 in

the year 2011/2012 to Kshs.1,999,174,760,912 in the year 2015/2016 representing an increase of Kshs.932,339,422,168 or approximately 87% over the period. This implies that the scope of my audit has also more than doubled over the last five years. The tabulation below depicts this trend:

	2011/2012 Kshs.	2012/2013 Kshs.	2013/2014 Kshs.	2014/2015 Kshs.	2015/2016 Kshs.
Gross Estimated Expenditure	1,170,478,418,074	1,485,438,350,899	1,557,192,721,388	2,099,370,186,391	2,253,494,806,467
Actual Gross Expenditure	1,066,835,338,744	1,275,862,845,060	1,461,965,849,061	1,906,841,500,924	1,999,174,760,912

Budget Trend Analysis



2.1.2 2015/2016 Budget

In 2015/2016 the Approved Estimated Gross Expenditure was Kshs.2,253,494,806,467 while approved Appropriations-In-Aid (AIA) were Kshs.390,433,533,659 resulting in Net Approved Expenditure of Kshs.1,863,061,272,808 as follows:-

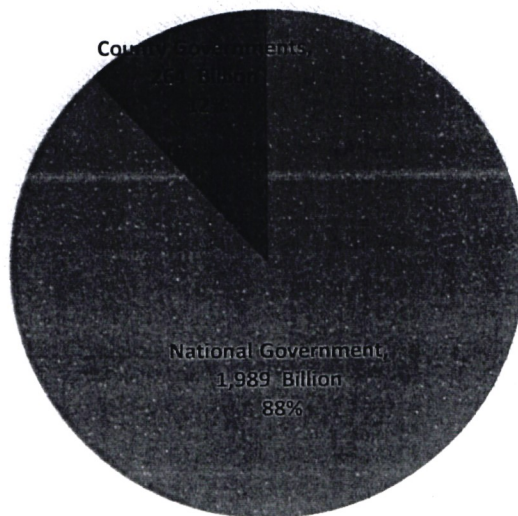
National Government	Gross Estimated Expenditure Kshs.	AIA Kshs.	Approved Net Expenditure Kshs.	Net Expenditure as a % of Approved total Net Expenditure
Recurrent Votes	813,670,459,650	79,164,825,310	734,505,634,340	39%
Development Votes	680,928,259,873	311,268,708,349	369,659,551,524	20%
Consolidated Fund Services	494,676,396,948	0	494,676,396,948	27%
Sub-total for National Government	1,989,275,116,471	390,433,533,659	1,598,841,582,812	86%
County Governments	264,219,689,996	0	264,219,689,996	14%
Grand Total	2,253,494,806,467	390,433,533,659	1,863,061,272,808	100%

As shown above, 39% of the approved net expenditure was budgeted for meeting the National Government recurrent expenditures and 20% for development expenditures. Consolidated Fund Services including repayments of Public Debt accounted for another 27%, while County Governments accounted for 14% of the total budgeted net expenditure.

The 2015/2016 gross budget of Kshs.2,253,494,806,467 was shared between the National Government and the County Governments at the ratio of 88% and 12% respectively as follows:-

	Gross Estimated Expenditure Kshs	As a %age of Gross Estimated Expenditure
National Government	1,989,275,116,471	88%
County Governments	264,219,689,996	12%
Grand Total	2,253,494,806,467	100%

Gross Estimated Expenditure for Counties and National Government



■ National Government ■ County Governments

The County Governments allocation of Kshs. 264,219,689,996 for the year 2015/2016 was however based on the audited revenue for the year 2012/2013, since the audited financial statements for 2013/2014 and 2014/2015 had not been tabled in the National Assembly by Public Accounts Committee. The County Governments expenditure has been accounted for and reported individually

by each of the forty-seven (47) County Governments and the respective audit reports issued for County Governments and County Assemblies.

2.2 2015/2016 Actual Expenditure for the National Government

2.2.1 The financial statements for the year 2015/2016 for the National Government show total Actual Expenditure of Kshs. 1,734,955,070,916 representing 87% of the gross estimated expenditure of Kshs.1,989,275,116,471. In addition, the actual expenditure of Kshs.1,734,955,070,916 represents an increase of Kshs. 57,449,807,189 or 3% when compared with actual expenditure of Kshs.1,677,505,263,727 in 2014/2015 Financial Year, as shown below:

Votes	Gross Estimated Expenditure 2015/2016 Kshs	Actual Expenditure 2015/2016 Kshs	Absorption as a %age of Estimated Expenditure	Proportion as a % of total actual 2015/2016	Actual Expenditure 2014/2015 Kshs	% Increase / (Decrease) From 2014/2015
Recurrent and Development Votes combined	1,494,598,719,523	1,258,452,454,478	84%	73%	1,220,644,732,649	3%
Consolidated Fund Services	494,676,396,948	476,502,616,438	96%	27%	456,860,531,078	4%
Totals	1,989,275,116,471	1,734,955,070,916	87%	100%	1,677,505,263,727	3%

2.2.2 The Actual Expenditure of Kshs. 1,734,955,070,916 comprised expenditure amounting to Kshs. 1,258,452,454,478 or 73% and Kshs. 476,502,616,438 or 27% of the total actual expenditure under combined Recurrent and Development Votes and Consolidated Fund Services respectively.

2.2.3 The actual expenditure of Kshs.1,734,955,070,916 represents an increase of 3% when compared to the actual expenditure of Kshs.1,677,505,263,727 incurred in 2014/2015. This increase is occasioned by a combination of an increase of Kshs. 37,807,721,829 or 3% of the combined Recurrent and Development Votes and an increase of Kshs. 19,642,085,360 or 4% in Consolidated Fund Services.

2.2.4 There was a gross under-expenditure of Kshs.254,320,045,555 made up of under-expenditure of Kshs. 236,146,265,045 for combined Recurrent and Development Votes and under-expenditure of Kshs. 18,173,780,510 for Consolidated Fund Services as follows:-

	Gross Estimated Expenditure 2015/2016 Kshs	Actual Expenditure 2015/2016 Kshs	Under/(Over) Expenditure Kshs	% Under/(Over) expenditure
Recurrent and Development	1,494,598,719,523	1,258,452,454,478	236,146,265,045	16%
Consolidated	494,676,396,948	476,502,616,438	18,173,780,510	4%
Total	1,989,275,116,471	1,734,955,070,916	254,320,045,555	13%

2.2.5 The under-expenditure of Kshs. 236,146,265,045 under combined Recurrent and Development Votes was mainly attributed to inadequate exchequer issues and delayed disbursement of donor funds. Detailed reasons for the under-expenditures are provided in the respective financial statements for 2015/2016.

2.3 Revenue Analysis

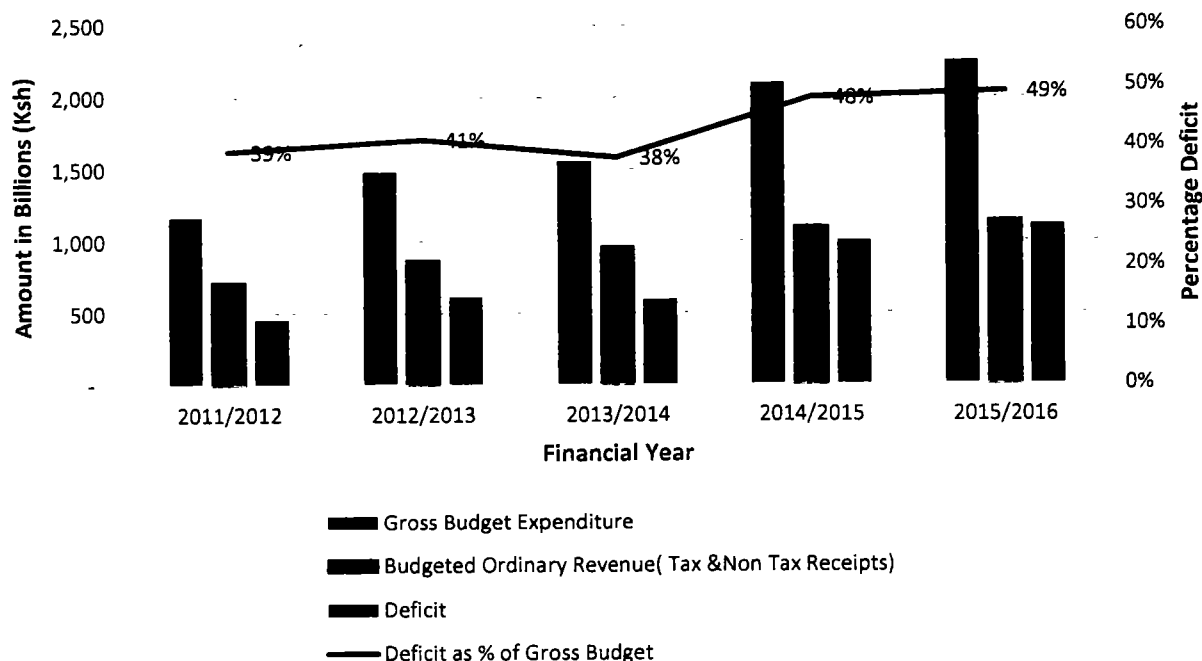
2.3.1 Ordinary Revenue Budget Trend Analysis

The budgeted revenue from tax and non-tax receipts (ordinary revenue) increased over the last five years from Kshs.713,615,239,430 in the year 2011/2012 to Kshs.1,141,863,174,093 in the year 2015/2016. This is an increase of approximately 60% over the five year period. However, when compared to the gross estimated expenditure, the overall deficit has increased over the years from Kshs.456,863,178,644 in the year 2011/2012 to Kshs.1,111,631,632,374 in the year 2015/2016 representing an increase of approximately 143% over the period as follows:-

Gross Budgeted Expenditure Vs Budgeted Ordinary Revenue

Year	Gross Budget Expenditure Kshs.	Budgeted Ordinary Revenue(Tax & Non Tax Receipts) Kshs.	Deficit Kshs.	Deficit as % of Gross Budget
2011/2012	1,170,478,418,074	713,615,239,430	456,863,178,644	39%
2012/2013	1,485,438,350,899	870,518,584,891	614,919,766,008	41%
2013/2014	1,557,192,721,388	959,854,104,424	597,338,616,964	38%
2014/2015	2,099,370,186,391	1,098,167,501,267	1,001,202,685,124	48%
2015/2016	2,253,494,806,467	1,141,863,174,093	1,111,631,632,374	49%

Gross Budgeted Expenditure vs Budgeted Ordinary Revenue



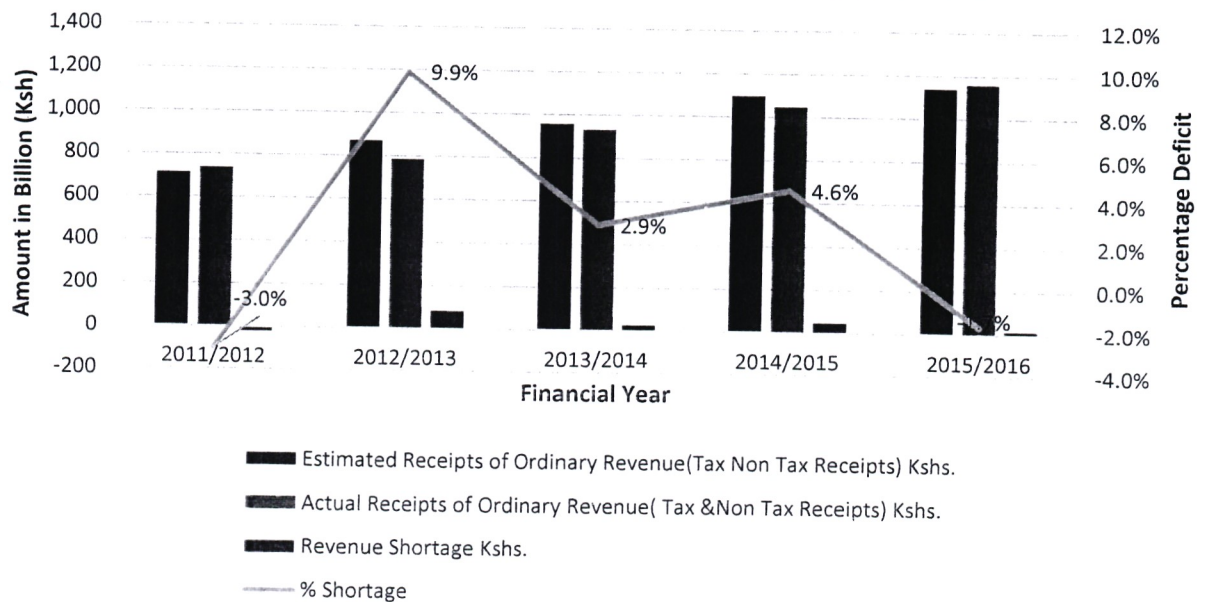
The deficit between the gross budgeted expenditure and the budgeted ordinary revenue is funded through borrowings either from domestic markets (Treasury Bills and Treasury Bonds) or borrowings from external development partners.

2.3.2 Estimated Receipts versus Actual Receipts of Ordinary Revenue

The estimated receipts from tax and non-tax receipts (ordinary revenue) increased over the last five years from Kshs.713,615,239,430 in the year 2011/2012 to Kshs.1,141,863,174,093 in the year 2015/2016. This is an increase of approximately 60% over the five year period. Similarly, the actual receipts from tax and non-tax receipts has increased over the years from Kshs.735,052,725,367 in the year 2011/2012 to Kshs.1,160,726,658,504 in the year 2015/2016 representing an increase of approximately 58% over the five year period as follows:-

Year	Budgeted Ordinary Revenue(Tax Non Tax Receipts) Kshs.	Actual Ordinary Revenue(Tax &Non Tax Receipts) Kshs.	Revenue Shortage Kshs.	% Shortage
2011/2012	713,615,239,430	735,052,725,367	-21,437,485,937	-3.0%
2012/2013	870,518,584,891	784,497,879,683	86,020,705,208	9.9%
2013/2014	959,854,104,424	932,034,925,773	27,819,178,651	2.9%
2014/2015	1,098,167,501,267	1,047,908,306,414	50,259,194,853	4.6%
2015/2016	1,141,863,174,093	1,160,726,658,504	18,863,484,411	-1.65%

Estimated Receipts vs Actual Receipts of Ordinary Revenue



2.4 Actual Revenue

2.4.1 During 2015/2016 financial year total revenue recorded under various revenue statements as received by the National Government amounted to Kshs.1,193,619,138,664 representing an increase of Kshs.108,770,096,297 or about 10% when compared to actual collections of Kshs. 1,084,849,042,367 realized in 2014/2015.

2.4.2. Total revenue of Kshs. 1,193,619,138,664 when compared to total budgeted receipts of Kshs.1,199,736,843,062 resulted in an under-collection of revenue of Kshs.6,117,704,398 or 0.51%. The total revenue of Kshs. 1,193,619,138,664 comprised of Kshs. 1,160,726,658,504 and Kshs. 32,892,480,160 relating to Recurrent and Development revenues respectively. However, actual Recurrent Revenue collected during the year reflected an excess of Kshs. 18,863,484,411 or 1.65% while there was a shortfall of Development Revenue collected of Kshs. 24,981,188,809 or 43% as follows:-

Details	Estimated Receipts Kshs	Actual Receipts Kshs	Excess/ (Shortfall) Kshs	Shortfall Percentage %	Actual Receipts 2014/2015 Kshs
Recurrent Revenue	1,141,863,174,093	1,160,726,658,504	18,863,484,411	-1.65%	1,047,908,306,414
Development Revenue	57,873,668,969	32,892,480,160	(24,981,188,809)	43%	36,940,735,953
Total	1,199,736,843,062	1,193,619,138,664	(6,117,704,398)	0.51%	1,084,849,042,367

2.4.3. The reasons provided for the 43% under-collection of Development Revenue include non-release of funds by development partners and low absorption of funds by projects and programmes.

2.5 The Exchequer Account as at 30 June 2016

2.5.1 The Statement of Receipts into and Issues from the National Exchequer Account for 2015/2016 reflects an overall net surplus of Kshs.59,808,758,120.81 as at 30 June 2016 compared to a net surplus of Kshs.203,491,419.97 as at 30 June 2015. The total issues from the Consolidated Fund for both Recurrent and Development Services during the year 2015/2016 amounted to Kshs.1,793,741,005,899.50 against total receipts of Kshs.

1,853,346,272,601.34 resulting in a surplus of Kshs. 59,605,266,701.84 as at 30 June 2016. However, when added to the Exchequer balance of Kshs. 203,491,418.97 brought forward from 2014/2015, the result is an overall net surplus of Kshs. 59,808,758,120.81 as at 30 June 2016 as follows:

	2015/2016	2014/2015
	Kshs.	Kshs.
Total Receipts	1,853,346,272,601.34	1,594,437,100,762.07
Total Issues	<u>1,793,741,005,899.50</u>	<u>1,594,395,695,482.00</u>
Surplus/Deficit for the year	59,605,266,701.84	41,405,280.07
Exchequer balance brought Forward	<u>203,491,418.97</u>	<u>162,086,138.90</u>
Exchequer balance as at 30 June 2016	<u>59,808,758,120.81</u>	<u>203,491,418.97</u>

2.5.2 Receipts into the Exchequer Account during the year of Kshs.1,853,346,272,601.34 comprised of Ordinary Revenue and Other receipts in form of Treasury Bills and Bonds and Commercial Loan(Euro Bond) as follows:-

Sources of Revenue

(a) Ordinary Revenue

	Amount in Kshs.	Total in Kshs.
• Tax Receipts	1,109,082,233,904.89	
• Non-Tax Receipts (Profits and Dividends, Immigration Visas, Fines, Penalties & Forfeitures, Miscellaneous Revenue, etc.)	<u>46,101,203,494.20</u>	<u>1,155,183,437,399.09</u>
Total Ordinary Revenue		<u>1,155,183,437,399.09</u>

(b)

(i) Loans and Grants

• External Grants	14,682,936,998.75	
• External Loans	<u>42,302,954,826.05</u>	<u>56,985,891,824.80</u>

(ii) Commercial Loan		134,932,200,687.50
(iii) Domestic Borrowings		
• Treasury Bills	224,833,161,041.00	
• Treasury Bonds	<u>281,411,581,648.95</u>	<u>506,244,742,689.95</u>
Total Receipts		<u>1,853,346,272,601.34</u>

2.5.3 Issues from the National Exchequer Account during the year of Kshs.1,793,741,005,899.50 comprised of Recurrent, Development, Consolidated Fund Services and County Governments issues as follows:-

	Approved Net Expenditure Kshs	Actual Issues Kshs	Under/(Over) Expenditure Kshs	% Variance
Recurrent Votes	734,505,634,340	720,283,801,226.60	14,221,833,113.40	2%
Development Votes	369,659,551,524	333,170,357,469.90	36,489,194,054.10	10%
Consolidated Fund Services	494,676,396,948	476,248,207,207.00	18,428,189,741.00	4%
Sub-total for National Government	1,598,841,582,812	1,529,702,365,903.50	69,139,216,908.50	4%
County Governments	264,219,689,996	264,038,639,996.00	181,050,000.00	0%
Grand Total	1,863,061,272,808	1,793,741,005,899.50	69,320,266,908.50	4%

The underfunding of development budget by 10% was attributed to constraints in revenue collection and delayed disbursement of donor funds.

Proceeds from the Sovereign Bond

The statement of receipts into and issues from the National Exchequer Account for the year ended 30 June 2016 reflects an Exchequer balance of Kshs.203,491,418.97 brought forward from 2014/2015 financial year. However, and as indicated in the Auditor's Report for 2014/2015, the receipt of net proceeds from commercial financing (Sovereign/Euro Bond) of Kshs.215,469,626,035.75 accounted for in 2014/2015 financial year could not be ascertained as investigation into the receipts, issues, accounting and utilization of the funds related to the Sovereign/Euro Bond was still on-going as at 30 June 2016. Under the circumstances, the accuracy of the Exchequer balance of Kshs.203,491,418.97 brought forward from 2014/2015 may be affected by the outcome of the on-going special audit on Euro Bond.

2.5.4. Revenue not remitted to the Exchequer

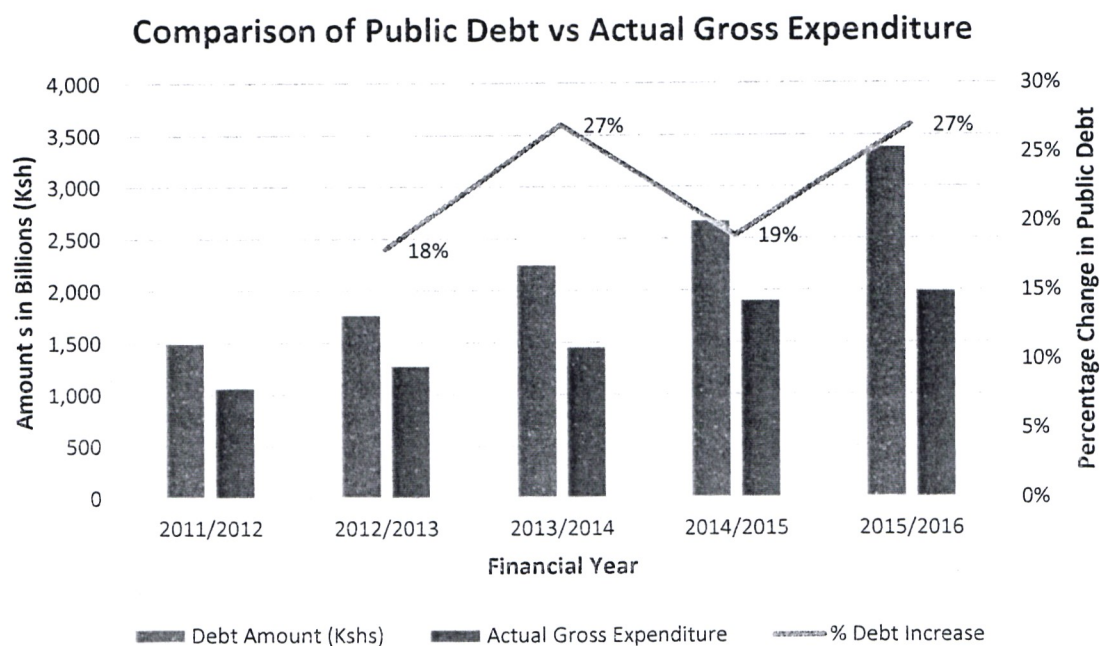
The Revenue Statements reflects an amount of Kshs.1,193,619,138,664 as having been collected during the financial year 2015/2016. The brought forward balance from 2014/2015 amounted to Kshs.3,146,772,291 bringing the total revenue available in 2015/2016 to Kshs.1,196,765,910,955. The Revenue statements, however, reflects an amount of Kshs.1,193,025,312,048 as having been paid to the Exchequer (inclusive of Kshs.1,394,700,000 transferred to Petroleum Development Levy Fund) during the year leaving a substantial balance of Kshs.3,740,598,907 not remitted to the Exchequer as at 30 June 2016 as follows:-

Vote	Revenue Balance B/fwd Kshs.	Revenue Collection 2015/2016 Kshs.	Total Revenue Available Kshs.	Amount Paid to PDLF/ Exchequer Kshs.	Balance C/fwd Kshs.
Recurrent	3,146,678,187	1,160,726,658,504	1,163,873,336,691	1,160,132,831,888	3,740,504,803
Development	94,104	32,892,480,160	32,892,574,264	32,892,480,160	94,104
Total	<u>3,146,772,291</u>	<u>1,193,619,138,664</u>	<u>1,196,765,910,955</u>	<u>1,193,025,312,048</u>	<u>3,740,598,907</u>

2.6. Growth in Public Debt

2.6.1 The outstanding amount of public debt has increased over the years from Kshs.1,495,956,531,695 reported in the year 2011/2012 to Kshs.3,385,910,449,825 in the year 2015/2016 representing an increase of Kshs.1,889,953,918,130 or approximately 126% over the five year period as follows:-

Financial Year	Debt Amount (Kshs)	% Debt Increase	Actual Gross Expenditure (Kshs)	Debt as a % of Total Budget
2011/2012	1,495,956,531,695		1,066,835,338,744	
2012/2013	1,767,017,069,021	18%	1,275,862,845,060	20%
2013/2014	2,250,845,910,286	27%	1,461,965,849,061	15%
2014/2015	2,674,806,364,195	19%	1,906,841,500,924	30%
2015/2016	3,385,910,449,825	27%	1,999,174,760,912	5%



The growth in public debt is attributed to disbursements of new loans to the Government by various development partners and additional borrowings from the domestic market through Treasury Bonds and Treasury Bills.

3. Summary of the Audit Results

3.1 Accounting Framework

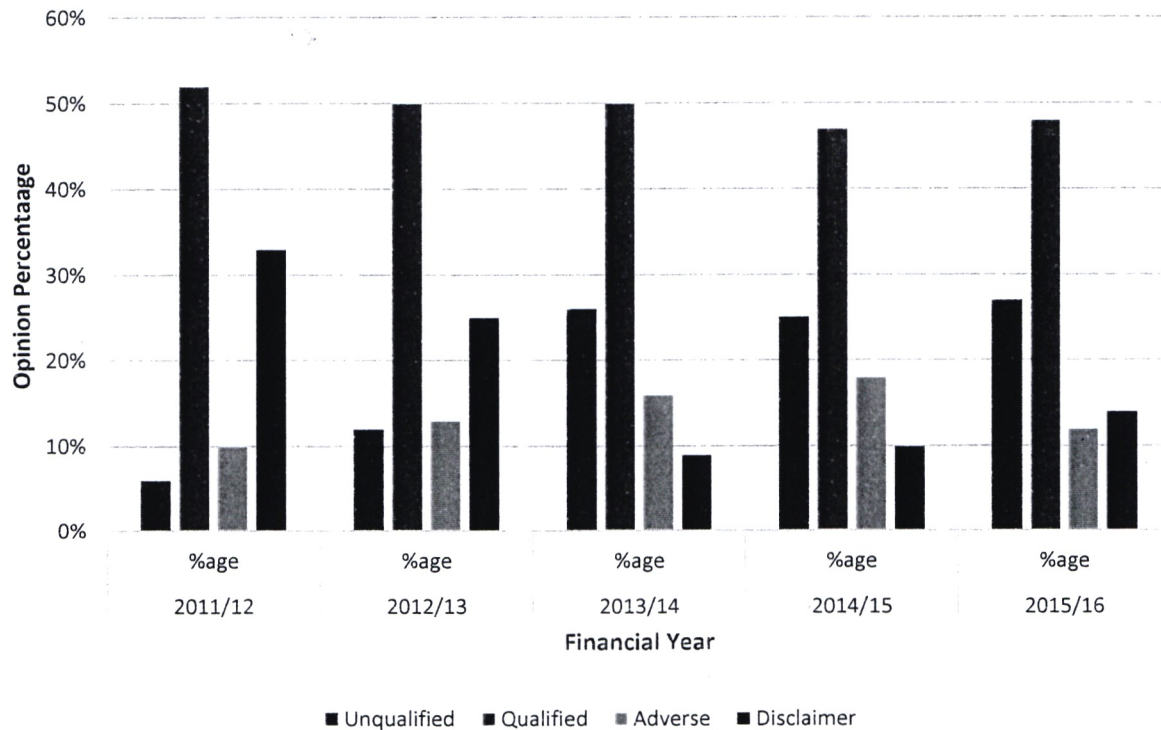
The financial statements for National Government were prepared using the International Public Sector Accounting Standards (IPSAS) framework as prescribed by the Public Sector Accounting Standards Board of Kenya in compliance with Section 194 of the Public Finance Management Act 2012.

3.2 Overall Audit Results

3.2.1 The audit of the financial statements (FS) for the year ended 30 June 2016, indicates that out of the audited one hundred and nine (109) financial statements, thirty (30) financial statements or 27% had a clean (unqualified) audit opinion, fifty one (51) or 47% had qualified audit opinion, thirteen (13) financial statements or 12% had an adverse opinion while fifteen (15) or 14% had a disclaimer of opinion as detailed below:

Audit Opinions	Financial Year									
	2011/12		2012/13		2013/14		2014/15		2015/16	
	FS	%	FS	%	FS	%	FS	%age	FS	%age
Unqualified	15	6%	41	12%	26	26%	27	25%	30	27%
Qualified	130	52%	172	50%	50	50%	51	47%	51	47%
Adverse	24	10%	45	13%	16	16%	19	18%	13	12%
Disclaimer	83	33%	85	25%	9	9%	11	10%	15	14%
Total	252	100%	343	100%	101	100%	108	100%	109	100%

Summary of Audit Opinions for the Last Five Years



3.2.2 Assessing trend on accountability of National Government Expenditure based on the type of audit opinion expressed on the Financial Statement it can be concluded that there has been improvement as follows:

In the Financial Year 2011/2012 only 6% of then Government Ministries and department's financial statements had a clean opinion. This has improved over the years to stand at 27% in the Financial year 2015/16. Similarly the Financial Statement on which a qualified Audit opinion was expressed has reduced from 52% in 2011/2012 Financial Year to 47% in the year under review.

I have expressed the above types of audit opinions based on the following circumstances: -

a) Unqualified Opinion

An unqualified opinion is expressed when I have concluded that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with Public Finance

Management Act, 2012 and public funds have been applied lawfully and in an effective manner. The financial statements with unqualified opinion are listed in Appendix A.

b) Qualified Opinion

I have given qualified opinion when the misstatement or limitation on my audit is not as material and pervasive as to require an adverse opinion or a disclaimer of opinion. I have thus expressed an 'except for' opinion based on the effects of the matter(s) to which the qualification relates. The financial statements with qualified opinion are listed in Appendix B.

c) Adverse Opinion

I have expressed adverse opinion when audit matters on the financial statements are so material and pervasive that I have concluded the financial statements are misleading or incomplete. The financial statements with adverse opinion are listed in Appendix C.

d) Disclaimer of Opinion

I was not able to express an opinion where the possible effects of limitations on my audit were so material and pervasive that I was unable to obtain sufficient appropriate audit evidence and accordingly unable to express any meaningful audit opinion on the financial statements. I was not able to establish whether expenditure reflected in the fifteen (15) financial statements with disclaimer of opinions were incurred lawfully and in an effective way as required by Article 229(6) of the Constitution as detailed in Appendix D.

3.3 Audit of Revenue Statements

3.3.1 The revenue statements for 2015/2016 indicate total revenue collection of Kshs.1,193,619,138,664 against estimated total receipts of Kshs.1,199,736,843,062 resulting in an under-collection of revenue of Kshs. 6,117,704,398 or 0.51%. I have expressed qualified opinions on some three (3) revenue statements, adverse opinion on two (2) revenue statements and a disclaimer of opinion on two (2) revenue statement as follows:-

Audit Opinions on Revenue Statements			
Audit Opinion	No of Revenue Statements	Amount Kshs.	Percentage
Unqualified	4	33,083,104,149	2.77%
Qualified	3	1,148,799,559,445	96.25%
Adverse	2	10,637,404,380	0.89%
Disclaimer	2	1,099,070,690	0.09%
Total	11	1,193,619,138,664	100%

3.3.2 The above statistics show that out of total revenue recorded during the 2015/2016 financial year of Kshs.1,193,619,138,664, only revenue amounting to Kshs.33,083,104,149 or 2.77% was collected and fairly recorded and therefore had an unqualified opinion. Revenue amounting to Kshs. 1,148,799,559,445 or 96.25% though also fairly recorded had issues resulting to a qualified opinion while revenue amounting to Kshs.11,736,475,070 or 0.98% had no proper records and could not therefore be confirmed as accurately reported.

3.3.3 Summary of Audit Opinions on Revenue Statements

(i) Unqualified opinion

Collecting Ministry	Amount (Kshs)
National Treasury –Development Revenue	32,892,480,160
State Department for Coordination of National Government Information, Communication & Technology	154,591,272
EAC, Commerce and Tourism	0
Total	<u>33,083,104,149</u>

(ii) Qualified Opinion

National Treasury – Recurrent Revenue	1,146,021,687,332
State Law Office (Solicitor General)	469,814,685
Registrar of High Court (Judiciary)	2,308,057,428
Total	<u>1,148,799,559,445</u>

(iii) Adverse Opinion

National Treasury – Pensions Department	459,421,435
State Department for Interior	10,177,982,945
Total	<u>10,637,404,380</u>

(iv) Disclaimer of Opinion

Lands, Housing & Urban Development	779,471,911
State Department for Fisheries	319,598,779
Total	<u>1,099,070,690</u>

Main Reason for Qualification on Revenue Statements

Collecting Ministry	Opinion	Reasons for Qualification
1. National Treasury – Recurrent Revenue	Qualified	<ul style="list-style-type: none"> ✓ Failure to remit to the exchequer account a balance of Kshs.3,570,991,332 ✓ Failure to collect arrears of revenue of Kshs.380,600,178,374 as at 30-06-2016
2. State Law Office (Solicitor General)	Qualified	<ul style="list-style-type: none"> ✓ Failure to remit Kshs.152,361,312 to the exchequer ✓ The revenue statements were not signed by the Accounting Officer as required by Financial Regulations
3. Registrar of High Court (Judiciary)	Qualified	<ul style="list-style-type: none"> ✓ Failure to account for Kshs.8,100,802 convicts deposits and bonds collected at Kericho Law Courts ✓ Loss of Kshs.984,080 through falsification of documents at Baricho Law Courts
4. National Treasury – Pensions Department	Adverse	<ul style="list-style-type: none"> ✓ Failure to provide analysis for revenue collection of Kshs.459,421,435 ✓ Failure to provide documentary evidence supporting transfer of the above amount to the exchequer
5. State Department for Interior	Adverse	<ul style="list-style-type: none"> ✓ The revenue statement presented for audit was not prepared as prescribed by the Public Sector Accountants Board ✓ Unexplained difference of Kshs.360,905,511 between revenue statement and the trial balance. ✓ A loss of Kshs.193,029,466 collected at DCI ✓ Inability to confirm accuracy of receipts of Kshs.2,632,208,599 due to poor record keeping
6. Lands, Housing & Urban Development	Disclaimer	<ul style="list-style-type: none"> ✓ Inability to confirm accuracy and validity of property income collected by KRA amounting to Kshs.1,181,008,564 ✓ Inability to confirm accuracy and validity of amount transferred to the exchequer account of Kshs.779,471,911
7. State Department for Fisheries	Disclaimer	<ul style="list-style-type: none"> ✓ Failure to avail documentary evidence to support revenue collection of Kshs.319,598,779 ✓ Failure to support remittance of Kshs.4,473,244 to the exchequer

3.3.4 The main reasons for qualified and adverse opinions on the revenue statements include the following: -

- Balances reflected as remitted to the Exchequer in the revenue statements are not properly supported.
- Failure to collect arrears of revenue due and uncollected as at 30 June 2016.
- Differences between revenue statement amounts and records reported at the collection points.
- Failure to surrender revenue balances as at 30 June 2016 to the Exchequer.

3.4 Audit of Expenditure Statements

3.4.1 The Actual Expenditure for the financial statements for the National Government voted provisions (excluding the Consolidated Fund Services) for the year 2015/2016 was Kshs. 1,258,452,454,478 compared to Kshs. 1,220,644,732,649 reported in 2014/2015. The expenditure of Kshs. 1,258,452,454,478 was recorded in the combined Recurrent and Development Financial Statements which I expressed unqualified, qualified, adverse and disclaimer of opinions as follows: -

Summary of Audit Opinions on Combined Recurrent and Development Expenditure

Opinion	No. of Financial Statements	Combined Recurrent and Development Expenditure 2015/2016 (Kshs.)	Percentage
Unqualified	10	43,452,202,377	3.45%
Qualified	34	1,004,467,317,870	79.82%
Adverse	3	112,354,357,766	8.93%
Disclaimer	3	94,421,805,173	7.50%
Other	1	3,756,771,292	0.30%
Total	51	1,258,452,454,478	100.00%

3.4.2 The table show that out of the total expenditure of Kshs. 1,258,452,454,478, expenditure totalling only Kshs. 43,452,202,377 or 3.45% was incurred lawfully and in an effective way. Expenditures amounting to Kshs. 1,004,467,317,870 or 79.82% had issues hence qualified opinion. Financial statements for expenditures amounting to Kshs. 112,354,357,766 or 8.93% were misleading or incomplete hence an adverse opinion. I was unable to confirm whether expenditure totalling Kshs. 94,421,805,173 was incurred effectively and lawfully as required by Article 229(6) of the Constitution of Kenya. The other one statement with expenditure of Kshs. 3,756,771,292 related to expenditures incurred by my office; Office of the Auditor-General which is audited separately and reported to Parliament by an Independent Auditor.

4.0 Summary of Material Observations

4.1 Maintenance of Accounting Records and Presentation of Financial Statements

During the year under review, there was general improvement in the maintenance of accounting records compared to previous years. The improvement is attributed to adoption of the International Public Sector Accounting Standards (IPSAS) accounting framework by National Government entities when accounting for public funds. This is in addition to other interventions by National Treasury aimed at improving accountability in the public sector.

However, accounting for public funds is still wanting. This is evident from the basis for qualifications in the accompanying detailed report. A number of entities did not adhere to the IPSAS reporting framework leading to qualification of the financial statements. Further, a number of Financial Statements presented for audit had material misstatements. Only 30 out of 109 or 27 % of the audited Financial Statements had immaterial misstatements and an unqualified audit opinion was expressed. The remaining 82 or 73 % of the financial statements had material misstatements leading to qualification of the Accounts.

4.2 Inadequacies in accounting for Cash and Cash Equivalents

Audit of Cash and Cash Equivalents component of the financial Statements presented for audit reviewed a number of anomalies such as persistent weakness in maintenance of Cashbooks. A number of Government entities continued to reflect material receipts and payments in the Cashbooks not reflected in the Bank Statements and also receipts and payments in the Bank Statements not reflected in the Cashbooks. Several entries in the Bank Statements were not analyzed while others have been outstanding for a long period of time.

Other anomalies included:

- (i) Un-Reconciled Balances Between Manual and IFMS Cash Books;
- (ii) Un-surrendered Old Deposits;
- (iii) Unsupported Cash and Cash Equivalents' Balances;
- (iv) Variation between the statement of assets' balance and the source documents' balance.

4.3 Pending Bills

During the year ended 30 June 2016, a number of National Government entities did not settle bills amounting to Kshs. 20,472,313,203 which was a decrease of 53 % from the previous year's figure of Kshs. 43,212,107,778. The figure of Kshs.20,472,313,203 comprises of Kshs. 18,061,544,836 and Kshs. 918,762,563 under Recurrent and Development Votes respectively and a further Kshs. 1,492,005,804 not classified. The bills were instead carried forward to 2016/2017 financial year. Failure to settle bills during the year they are incurred is likely to adversely affect the next year's budgeted programmes. The Government entities with unpaid bills as at 30 June 2016 are listed in the table below: -

Vote	MDA	Recurrent	Development	Others	Total per MDA
1011	The Presidency/State House	270,980,438	-	-	270,980,438
1021	State Department for Interior	1,800,614,863	-	-	1,800,614,863
1022	State Department for Coordination of National Government	4,523,107,327	-	-	4,523,107,327
1031	Ministry of Devolution & Planning - State Department for Planning	2,505,894,057	-	-	2,505,894,057
1032	Ministry of Devolution & Planning - State Department for Devolution	2,834,375,585	105,000,000	-	2,939,375,585
1061	State Department of Education	31,589,959	410,500	-	32,000,459
1062	State Department of Science and Technology	65,989,715	14,751,969	-	80,741,684
1071	The National Treasury	1,420,834,713	-	-	1,420,834,713
1081	Ministry of Health	995,493,287	-	1,482,945,000	2,478,438,287

1091	State Department of Infrastructure	63,146,962	59,349,266	-	122,496,228
1092	State Department of Transport	66,010,456	-	-	66,010,456
1101	Department of Environment and Natural Resources	26,584,988	160,011,614	-	186,596,602
1102	Department of Water and Irrigation	119,538,431	-	-	119,538,431
1111	Ministry of Lands, Housing & Urban Development	1,693,351,703	-	-	1,693,351,703
1131	Ministry of Sports, Culture and the Arts	259,876,116	-	-	259,876,116
1141	Ministry of Labour, Social Security and Services	90,993,075	-	-	90,993,075
1161	State Department of Agriculture	21,443,078	467,794,438	-	489,237,516
1162	State Department of Livestock	-	111,444,776	-	111,444,776
1171	Ministry of Industrialization and Enterprise Development	549,541,065	-	-	549,541,065
1181	Department of Commerce and Tourism	249,671,744	-	-	249,671,744
1191	Ministry of Mining	-	-	9,060,804	9,060,804
1251	Office of the Attorney General and Department of Justice	52,078,256	-	-	52,078,256
1261	Judiciary	202,938,501	-	-	202,938,501
1301	Commission for the Implementation of the Constitution	4,816,734	-	-	4,816,734
2042	National Assembly	197,814,570	-	-	197,814,570
2101	National Police Service Commission	7,733,192	-	-	7,733,192
2131	The Commission on Administrative Justice	7,126,021	-	-	7,126,021
	Total	18,061,544,836	918,762,563	1,492,005,804	20,472,313,203

4.4 Unsupported amounts

The audit for 2015/2016, revealed that a number of National Government entities failed to avail

supporting documents for amounts totalling Kshs.40,286,583,945 or where the supporting documents were availed they were found to be inadequate. Lack of supporting documents and adequate explanation limits the auditor's ability to ascertain accuracy and validity of the affected amounts.

The entities tabulated below failed to support/adequately support the amounts shown:

Vote	Ministry/Department/Agency	Amount Kshs.
1031	Ministry of Devolution & Planning - State Department for Planning	10,466,409,144
1032	Ministry of Devolution & Planning - State Department for Devolution	3,597,228,777
1032	National Youth Service -Mechanical and Transport Fund	266,676,794
1061	Ministry of Education, Science and Technology-Department of Education	31,376,800
1062	Ministry of Education, Science and Technology-Department of Science and Technology	43,840,320
1071	National Exchequer Account	1,987,599,186
1071	Consolidated Fund Services-Pensions and Gratuities: Vote R-051	205,931,936
1081	Ministry of Health	929,209,621
1091	Ministry of Transport and Infrastructure-State Department of Infrastructure	1,104,260,165
1101	Department of Environment and Natural Resources	58,931,458
1102	Department of Water and Irrigation	1,277,123,636
1111	Agricultural Settlement Fund Trustees	3,645,113,755
1141	Ministry of Labour, Social Security and Services	15,914,940
1161	State Department of Agriculture	8,969,893,861
1161	Strategic Grain Reserve Trust Fund	4,125,135,490
1161	Agricultural Information Resource Centre Revolving Fund	29,887,362
1162	State Department of Livestock	341,321,492
1163	State Department of Fisheries -Revenue Statement Head 000000-156 Fishing Rights	324,072,023
1171	Ministry of Industrialization and Enterprise Development	1,474,509

1191	Ministry of Mining	676,437,430
1251	Public Trustee	61,736,814
2011	Kenya National Commission on Human Rights	3,715,167
2091	Teachers Service Commission	2,123,293,265
Total		40,286,583,945

4.5 Management of Imprests

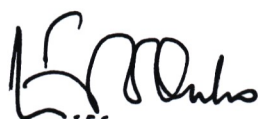
Review of management of imprests indicate that imprests continue to remain unaccounted for at the end of the Financial Year. During the year under review un-surrendered/unaccounted for imprests amounted to Kshs. 350,983,457. Failure to account for imprests on due date is in contravention of Government Regulations.

Detailed observations on the specific statements are covered under the respective Ministries/Departments/Agencies' reports.

5 Conclusion

Detailed report for the National Government Accounts for the year ended 30 June 2016 is contained in the combined report. Specific reports together with my opinions for each financial statement are contained in each respective entity's audited financial statement for the year ended 30 June 2016 already issued to each Accounting Officer. I appeal to each Accounting Officer to address all the issues pertaining to their respective ministry/department as detailed in my combined report for 2015/2016.

My report is also accessible from the Office of the Auditor General's Website:
www.oagkenya.go.ke



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 January 2018

6.0 Audit Opinions on the Financial Statements

6.1 Unqualified Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2016

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2016 which are listed in Appendix A in accordance with Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

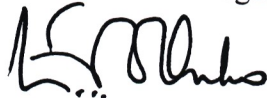
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including

the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements listed in Appendix A, present fairly, in all material respects, the financial position of the Government of Kenya and its Funds as at 30 June 2016, and of its operations for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS)-Cash Basis and comply with Government Financial Regulations and Procedures and Public Finance Management Act, 2012.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 January 2018

6.2 Qualified Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2016

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2016 which are listed in Appendix B in accordance with Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

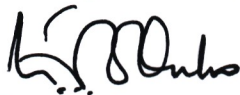
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Details of the basis for qualified opinion are given in the accompanying detailed reports listed in Appendix B. This includes various unexplained discrepancies and omission of expenditure from the financial statements.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements listed in Appendix B, present fairly in all material respects, the financial position of the Government of Kenya and its Funds as at 30 June 2016, and of its operations for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS) -Cash Basis and comply with Government Financial Regulations and Procedures and Public Finance Management Act, 2012.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 January 2018

6.3 Adverse Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2016

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2016 which are listed in Appendix B in accordance with Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

Details of the Basis for Adverse Opinion are as per accompanying detailed audit reports listed in Appendix C. This includes various material misstatements, unexplained discrepancies and omission of expenditure from the financial statements.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs, the financial statements listed in Appendix C, do not present fairly, in all material respects, the financial position of the Government of Kenya and its Funds as at 30 June 2016 and of its operations for the year then ended, in accordance with International Public Sector Accounting Standards (IPSAS)-Cash Basis and do not comply with the Government Financial Regulations and Procedures and Public Finance Management Act, 2012.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 January 2018

6.4 Disclaimer Certificate

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE GOVERNMENT OF KENYA FOR THE YEAR ENDED 30 JUNE 2016

I have audited the financial statements of the Government of Kenya for the year ended 30 June 2016 which are listed below in accordance with Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

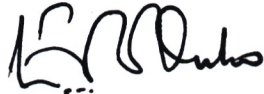
Because of the matters described in the detailed Report of the financial statements contained in Appendix D, I was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Details of the Basis for Disclaimer of Opinion are as per the accompanying detailed audit Report listed in appendix D. This includes various unexplained discrepancies, omission of expenditure from the Accounts, lack of documentation to support some of the figures shown in the financial statements listed in Appendix D and failure by the Accounting Officers to provide information and explanation considered necessary for the purpose of the audit.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements contained in Appendix D.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

15 January 2018

Appendices

APPENDIX A

The following is a list of financial statements for which I expressed an unqualified opinion as I was provided with sufficient and accurate information and explanations:

1. Asiatic Widows and Orphans Fund
2. Civil Servants Housing Scheme Fund
3. Contingencies Fund
4. Controller of Budget
5. Department of Commerce and Tourism- Revenue Statement
6. Development Revenue
7. Directorate of Public Prosecutions
8. Equalization Fund
9. Ethics and Anti-Corruption Commission
10. Government Press Fund
11. Intelligence Service Development Fund
12. Kenya Energy Environment & Social Responsibility Programme Fund
13. Kenya Law Reform Commission
14. Kenya Slum Upgrading, low Cost Housing and Infrastructure Trust Fund
15. Mechanical and Transport Fund
16. Ministry of Information, Communication and Technology- Statement of Revenue
17. National Cohesion and Integration Commission
18. National Exchequer Account
19. National Intelligence Service
20. Parliamentary Car Loan Scheme Fund
21. Parliamentary Mortgage Loan Scheme Fund
22. Parliamentary Service Commission
23. Petroleum Development Levy Fund

24. Political Parties Fund
25. Public Service Commission
26. Registrar of Political Parties
27. Salaries and Remuneration Commission
28. State Department for Coordination-Revenue statement
29. State Department of Fisheries
30. Witness Protection Agency

Ministries/ Departments/ Agencies/Commissions

APPENDIX B

The following is a list of financial statements for which I expressed qualified opinion. I was provided with sufficient and appropriate information and explanations and out of the audit I raised issues which were material but not fundamental:

1. Asian Officers Family Pensions Fund
2. Commission on Revenue Allocation
3. Department of Commerce and Tourism
4. Department of East African Affairs
5. Department of Environment and Natural Resources
6. Department of Water and Irrigation
7. European Widows and Orphans Pensions Scheme Fund
8. Independent Electoral and Boundaries Commission
9. Independent Policing Oversight Authority
10. Judicial Service Commission
11. Judiciary
12. Judiciary- Revenue Financial Statement
13. Kenya Citizens and Foreign Nationals Management Service
14. Kenya National Commission on Human Rights
15. Ministry of Defence
16. State Department For Labour and Social Protection
17. State Department of Education
18. State Department of Science and Technology
19. Ministry of Energy and Petroleum
20. Ministry of Foreign Affairs and International Trade
21. Ministry of Health
22. Ministry of Industrialization and Enterprise Development
23. Ministry of Information, Communication and Technology
24. Ministry of Lands, Housing &Urban Development

25. Ministry of Mining
26. Ministry of Sports, Culture and the Arts
27. Ministry of Transport and Infrastructure-State Department of Transport
28. National Assembly
29. National Gender and Equality Commission
30. National Humanitarian Fund
31. National Land Commission
32. National Police Service Commission
33. Office of the Attorney General and Department of Justice- Revenue Financial Statement
34. Pensions and Gratuities
35. Petroleum Training Fund
36. Prison Farms Revolving Fund
37. Provident Fund
38. Public Trustee
39. Railway Development Levy Fund
40. Recurrent Revenue
41. State Department for Interior
42. State Department of Livestock
43. State Department of Agriculture
44. Statement of outstanding Loans
45. Teachers Service Commission
46. The Commission on Administrative Justice
47. The National Treasury
48. The Presidency/State House
49. Treasury Main Clearance Fund
50. Veterinary Services Development Fund
51. Women Enterprise Fund

APPENDIX C

The following is a list of financial statements for which I expressed an adverse opinion due to material misstatements:

1. CFS - Salaries, Allowances, Miscellaneous Services
2. CFS-Public Debt
3. Commission for the Implementation of the Constitution
4. Government of Kenya Share Subscription and Capital Contribution to International Organizations – Vote R-053
5. Ministry of Transport and Infrastructure-State Department of Infrastructure
6. Office of the Attorney General and Department of Justice
7. Office of the Attorney General and Department of Justice - Official Receiver
8. Pension Department- Statement of Revenue
9. Petroleum Development Levy Fund
10. Railway Development Levy Fund
11. State Department for Interior - Statement of Revenue
12. Statement of Outstanding Obligations guaranteed by GOK
13. Strategic Grain Reserve Trust Fund

APPENDIX D

The following is a list of financial statements for which I was unable to express an opinion due to lack of sufficient and accurate information and explanations.

1. Agricultural Information Resource Centre Revolving Fund
2. Agricultural Settlement Fund Trustees
3. Government Clearing Agency Fund
4. Kenya Local Loans Support Fund
5. Ministry of Devolution & Planning - State Department for Devolution
6. Ministry of Devolution & Planning - State Department for Planning
7. Ministry of Lands, Housing & Urban Development-Revenue Statement
8. National Youth Service -Mechanical and Transport Fund
9. Prisons Industries Fund
10. Rural Enterprise Fund
11. State Department for Coordination of National Government
12. State Department of Fisheries -Revenue Statement Head 000000-156 Fishing Rights
13. State Officers & Public Officers Motor Car Loan Scheme Fund
14. State Officers House Mortgage Scheme Fund
15. Stores and Service Fund

Analysis of Unsupported Amounts			
Vote	Ministry/Department/Agency	Amount	Description
1031	Ministry of Devolution & Planning - State Department for Planning	10,466,409,144	Amount Consists of Kshs. 6,084,045,536 Unsupported expenditure- acquisition of assets, Kshs. 2,151,010,210 Unsupported expenditure- transfer to other government entities, Kshs. 657,784,722 Unsupported expenditure-use of goods and services, Kshs.238,008,938 Unreconciled/Unsupported balances - Deposit Account, Kshs. 290,646,960 Unsupported Deposits and retentions balance, Kshs.831,968,731 Unsupported expenditure- documents seized by investigating agencies, Kshs. 124,480,440 and Kshs.69,711,658 Unsupported suspense account balance and Kshs. 18,751,949 Unsupported expenditure - transfers to National Youth Service (NYS).
1032	Ministry of Devolution & Planning - State Department for Devolution	3,597,228,777	Amount includes Kshs.1,794,578,543 Unsupported expenditure - other capital grants and transfers, Kshs. 1,167,128,248 Unsupported exchequer provisioning balance, Kshs. 405,521,986 Unsupported balances and Kshs.230,000,000 Unsupported expenditure - street facilities.
1032	National Youth Service - Mechanical and Transport Fund	266,676,794	Amount consists of Kshs. 27,040,289 Unsupported comparative balance in statement of cash flow, 3,662,814 Unsupported adjustments on accumulated depreciation on plant and heavy machinery brought forward, Kshs.7,041,798.95 Unsupported adjustments on accumulated depreciation on commercial trucks, Kshs.18,380,963.34 Unsupported debt relating to Director-General, National Youth Service, Kshs.918,241 Unanalyzed and unsupported creditors balance and Kshs.209,632,687.89 Unsupported adjustments

1061	Ministry of Education, Science and Technology- State Department of Education	31,376,800	Unsupported expenditure relating to salaries for mobile school teachers and purchase of instructional materials for 117 mobile schools in Arid and semi-arid areas
1062	Ministry of Education, Science and Technology-Dept of Science and Technology	43,840,320	Amount includes unsupported expenditure in respect of provision of clearance and inland logistics services for Government of Kenya on China Project equipment totalling Kshs.38,597,824 and Kshs.5242496 in respect to Unsupported school fees expenditure paid to principal secretary Ministry of Foreign Affairs for maintenance of two students studying in Australia
1071	National Exchequer Account	1,987,599,186	Amount includes unsupported Bank Balance amounting to Kshs. 1,985,000,000 and Unsupported Dividend income from KPLC amounting to Kshs. 2,599,186
1071	Consolidated Fund Services- Pensions and Gratuities Vote R-051	205,931,936	Transfer to Public Trustee -Kshs. 202,531,106 in relation to death gratuities files not availed for audit and Kshs. 3,400,830 disbursements made without letters to show the beneficiaries.
1081	Ministry of Health	929,209,621	Unsupported expenditure on compensation to employees made of Kshs.679,237,106 unsupported expenditure and a further Kshs. 249,972,515 unsupported Ministry's contribution to insurance scheme.
1091	Ministry of Transport and Infrastructure-State Department of Infrastructure	1,104,260,165	Unsupported accounts receivables - Clearance account - Included in accounts receivables balance of Kshs.1,180,648,413 is an amount of Kshs.1,104,260,165 described as clearance accounts which the management did not provide supporting documents.
1101	Department of Environment and Natural Resources	58,931,458	Unsupported suspense account balance

1102	Department of Water and Irrigation	1,277,123,636	Amount includes Accounts Receivables: Unsupported suspense and clearance account - no schedules totalling Kshs.1,204,385,626 and Unsupported accounts payables totalling Kshs.72,738,010 - no schedules
1111	Agricultural Settlement Fund Trustees	3,645,113,755	Current assets - unsupported Debit Balances: supporting schedules
1141	Ministry of Labour, Social Security and Services	15,914,940	Unsupported cleaning services and bursary payments for Kshs.6,307,680 and 9,007,260 respectively.
1161	State Department of Agriculture	8,969,893,861	Amount includes unsupported Accounts Payables totalling Kshs. 450,644,248 and unsupported balance under summary statement of provisioning amounting to Kshs.8,519,249,613.
1161.1	Strategic Grain Reserve Trust Fund	4,125,135,490	Amount includes unsupported payments of Kshs 6,000,000 and Kshs 1,330,352,499. Another amount of Unsupported cash and cash equivalents balance totalling Kshs. 2,588,782,991 with Board of survey Report and unsupported stock of powdered milk amounting to Kshs. 200,000,000
1161	Agricultural Information Resource Centre Revolving Fund	29,887,362	Amount consists of Kshs. 10,334,856 Unsupported Inventories balance, Kshs.10,094,144 Unsupported reserves balance, Kshs. 6,404,457 and Kshs. 3,053,905 Unsupported balances under statement of changes in net assets
1162	State Department of Livestock	341,321,492	Amount includes Receipts totalling Kshs.23,291,082 and Kshs.187,606,317 relating to direct payment and foreign grant proceeds from bilateral donors and international organizations not supported and several unsupported Balances amounting to Kshs.130,424,093
1163	State Department of Fisheries -Revenue Statement Head 000000-156 Fishing Rights	324,072,023	Being Kshs. 319,598,779 Unsupported revenue and Kshs. 4,473,244 Unsupported remittance to National Treasury
1171	Ministry of Industrialization and Enterprise Development	1,474,509	Unsupported coffee debt waivers

1191	Ministry of Mining	676,437,430	Amount includes unsupported expenditure of Kshs. 43,673,907 and Ksh.19,451,168. Also included is an amount of Kshs. 613,312,355 being unsupported levy on Cement Mineral
1251	Public Trustee	61,736,814	Unsupported investments: The statement of financial position reflects investments at a cost of Kshs.253,131,000 as at 30 June 2016 out of which investment of Kshs.61,736,814.25 were not supported with documentary evidence. Consequently, the accuracy and completeness of the investment balance of Kshs.253,131,100 could not be ascertained.
2011	Kenya National Commission on Human Rights	3,715,167	Unsupported cash in transit
2091	Teachers Service Commission	2,123,293,265	Unsupported mortgage and loan detailed analysis
Total		40,286,583,945	



Republic of Kenya

National Treasury

**Statements of Receipts into and
Issues from the National Exchequer Account**

For the Financial Year ended 30th June 2016

The National Treasury
Statement of Receipts into and Issues from the National Exchequer Account
For the Financial Year ended 30th June 2016

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1. Overview of National Exchequer operations

1.1 Background

Article 206 of the Constitution of Kenya provides for the establishment of a Consolidated Fund into which shall be paid all money raised or received by or on behalf of the National Government. As outlined under Section 17 of the Public Finance Management (PFM) Act, 2012 the National Treasury is responsible for administration of the Consolidated Fund. The Consolidated Fund is maintained in the National Exchequer Account at the Central Bank of Kenya.

1.2 Receipts into the National Exchequer

Government revenue is received through appointed Receivers of Revenue by the Cabinet Secretary to the National Treasury pursuant to Article 209 (1), (2) and (4) of the Constitution. Receivers of Revenue are responsible for receiving, remitting to the Exchequer, and accounting for the National government revenue pursuant to section 82 of the PFM Act, 2012. During the FY 2015/2016, there were a total of 11 Receivers of revenue.

Section 78 of the PFM Act, 2012 has mandated the Kenya Revenue Authority (KRA), as the collector of National Government revenue. Revenue collected by KRA is received by the Principal Secretary, National Treasury who is the designated Receiver.

1.3 Issue from the National Exchequer

An appropriation Act and County Allocation Revenue Act (CARA) is required to authorize the withdrawal of funds from the Consolidated Fund. The National Treasury is required to seek Controller of Budget's approval before withdrawing funds from the National Exchequer Account to the respective National and County Government entities bank accounts.

Entities that receive funds from the Exchequer Account include National Government Ministries, Departments, and Agencies (MDAs) in accordance with the Appropriation Act and County Governments in accordance with the County Allocation Revenue Act. These entities are responsible for administration of their respective approved budgets.

1.4 Financial reporting requirements

Pursuant to Section 80(2) (a) of the PFM Act, 2012 the National Treasury is responsible for accounting for the all monies paid into and out of the Exchequer Account. Section 81 (1) of the PFM Act, 2012 further requires the Accounting Officer for a National Government entity to prepare and submit the financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation.

This statement therefore covers the operations of the National Exchequer Account for the financial year ended 30th June 2016.

1.5 Commentary on the Statement of Receipts into and Issues from the National Exchequer Account

The total receipts into the National Exchequer amounted to KShs 1.85 trillion against a budget of Kshs 1.86 trillion. The actual revenue collected compares well with the budget as it represents 96.3% of the budget. The budgets and actuals exclude revenue in form of Appropriations in Aid (AIA), which is received and spent directly by the respective entities.

The bulk of the revenue is collected by the Kenya Revenue Authority (KRA), being the principal tax revenue collection agent for the Government.

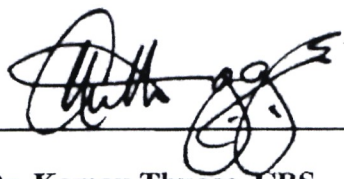
The funds received through the Exchequer were disbursed to the National Government voted Ministries, Departments and Agencies and County Governments. In total, Kshs 1.79 trillion was appropriated during financial year 2015/2016 compared to Kshs 1.59 trillion appropriated in the previous year.

2. Statement of Responsibilities

As the Accounting Officer, the Principal Secretary to the National Treasury is responsible for the preparation and fair presentation of the Statement of Receipts into and Issues from the National Exchequer Account in accordance with Public Financial Management Act, 2012.

The Principal Secretary to the National Treasury accepts responsibility for the Statement of Receipts into and Issues from the Exchequer Account, which has been prepared using the cash basis as prescribed by the Public Sector Accounting Standards Board (PSASB). The statement has been extracted from the accounting records maintained by National Treasury, and the information provided is accurate and complete in all material respects.

The Accounting Officer to the National Treasury confirms the completeness of the accounting records maintained for the Statement of Receipts into and Issues from the Exchequer Account, which have been relied upon in the preparation of the Financial Statements as set out on page 5 to 16 for the period ended 30th June 2016.

Signature:  _____

Name: **Dr. Kamau Thugge, CBS**
Principal Secretary, The National Treasury

Date: 23/02/2017

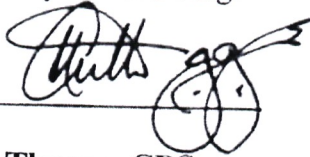
The National Treasury
Statement of Receipts into and Issues from the National Exchequer Account
For the Financial Year ended 30th June 2016

3. Statements of Receipts and transfers for the year end 30th June 2016

	Notes	Period ended 30th June 2016 Kshs	Period ended 30th June 2015 Kshs
Opening balance		203,491,418.97	162,086,138.90
Receipts			
Tax income	5.2	1,109,082,233,904.89	1,001,245,431,205.77
Non tax income	5.2	46,101,203,494.20	40,804,376,558.25
Grants	5.3	14,682,936,998.75	10,473,510,502.50
Proceeds from domestic borrowing	5.4	506,244,742,689.95	292,680,000,000.00
Proceeds from external borrowing	5.5	177,235,155,513.55	249,233,782,495.55
Total Receipts		1,853,549,764,020.31	1,594,437,100,762.07
Transfers from the Exchequer			
National Government Recurrent	Annex 2.1	720,283,801,226.60	640,352,208,883.00
National Government Development	Annex 2.2	333,170,357,469.90	270,240,838,230.00
Consolidated Fund Services	Annex 2.3	476,248,207,207.00	454,466,411,172.00
Total National Government		1,529,702,365,903.50	1,365,059,458,285.00
County Governments	Annex 2.4	264,038,639,996.00	229,336,237,197.00
Total transfers	5.6	1,793,741,005,899.50	1,594,395,695,482.00
Excess of receipts over transfers during the year		59,808,758,120.81	203,491,418.97
Closing cash book balance	5.7	59,808,758,120.81	203,491,418.97

The notes on pages 7 to 16 form an integral part of these financial statements. This statement has been approved by the following:

Signature: _____



Dr. Kamau Thugge, CBS
Principal Secretary,
The National Treasury

Signature: _____



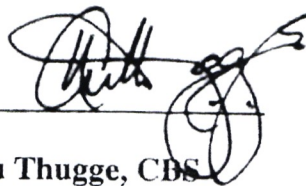
Bernard Ndungu, MBS
Director General Accounting
Services & Quality Assurance
The National Treasury

4. Summary of budget vs actual for the period ended 30th June 2016

The following statement summarizes the outturn against budget. Further details are provided under Annex 2 to this report:

	Original Estimates Kshs	Revised Estimates Kshs	Total Actual FY 2015-16 Kshs	Realized FY 2015-16 %
Revenue Collections:				
Ordinary Revenue	1,215,294,941,956.00	1,141,863,174,093.00	1,109,082,233,904.89	97.1%
Net Domestic Borrowing	397,402,669,429.93	427,660,451,703.00	506,244,742,689.95	118.4%
Commercial Financing	71,800,000,000.00	154,332,000,000.00	134,932,200,687.50	87.4%
External Loans & Grants	69,109,522,760.00	94,122,471,282.00	56,985,891,824.80	60.1%
Rights Issue CBK	4,998,000,000.00	-	-	-
Export Credit	11,500,000,000.00	-	-	-
Others	41,752,234,436.00	45,083,175,734.00	46,101,203,494.20	103.3%
Total Exchequer Receipts	1,811,857,368,581.93	1,863,061,272,812.00	1,853,346,272,601.34	99.5%
Exchequer Transfers:				
National Government Recurrent	717,019,195,805.00	734,505,634,340.00	720,283,801,226.60	98.1%
National Government Development	389,080,903,609.00	369,659,551,524.00	333,170,357,469.90	90.1%
County Governments	264,219,690,000.00	264,219,690,000.00	264,038,639,996.00	99.9%
Consolidated Fund Services	441,537,579,167.93	494,676,396,948.00	476,248,207,207.00	96.3%
Total Exchequer Transfers	1,811,857,368,581.93	1,863,061,272,812.00	1,793,741,005,899.50	96.3%

The notes on pages 7 to 16 form an integral part of these financial statements. This statement has been approved by the following:

Signature: 

Dr. Kamau Thugge, CBS
 Principal Secretary,
 The National Treasury

Signature: 

Bernard Ndungu, MBS
 Director General Accounting
 Services & Quality Assurance
 The National Treasury

5. Significant Accounting Policies

5.1 Accounting policies

a) Basis of preparation

The Statement of Receipts into and Issues from the National Exchequer Account has been prepared in accordance with the cash basis of International Public Sector Accounting Standard (IPSAS) as prescribed by the Public Sector Accounting Standard Board (PSASB) in Kenya.

b) Reporting entity

This report relates to financial operations of the National Exchequer Account maintained at CBK. The reporting entity is the National Treasury.

c) Revenues

Revenues include receipts collected by the Receivers of Revenue and other miscellaneous receipts which are deposited in the Consolidated Fund pursuant to Article 206 of the Constitution of Kenya, which provides that all revenue collected by the National Government shall be deposited in the Consolidated Fund held at the National Exchequer Account maintained at the Central Bank of Kenya.

The receipts collected include tax collections by Kenya Revenue Authority (KRA), loans and grants from development partners, proceeds from domestic loans, and other miscellaneous deposits in the National Exchequer bank account.

d) Grants and loans from Development Partners

Grants and loans received from development partners are recognized as receipts when the funds are received in the National Exchequer Account.

e) Exchequer Transfers

Exchequer Transfers relate to appropriations to votes based on exchequer requests made by the respective votes subject to budget provisions. The exchequer requests are received by National Treasury, which rationalizes the requests based on available balance, consolidates the requests and forwards them to Controller of Budget (CoB) for approval. Once the approval of CoB is obtained, the funds are released to either the Recurrent, Consolidated Fund Services or Development accounts of National Government entities or the County Revenue Fund accounts of the Counties. These accounts are maintained at CBK.

The appropriations from the National Treasury are regarded as transfers rather than expenditures. At consolidation level, these transfers are netted off against the corresponding transfers reported as received by the respective votes and County Governments.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand, bank balances, un-surrendered imprests and short term deposits in money market instruments.

g) Presentation Currency

The financial statements are reported in Kenya Shillings, being the currency of legal tender in Kenya.

5.2 Tax Income and Non Tax Income receipts

The following is an analysis by revenue type of the receipts collected in the National Exchequer Account:

Code	Description of receiver	30-June-16 Kshs	30-June-15 Kshs
	Tax Income		
1110000	Taxes on Income, Profits and Capital Gains	564,563,468,536.03	511,405,623,499.57
1130000	Taxes on Property	-	13,241,979,167.10
1140000	Taxes on Goods and Services	519,336,821,738.36	449,604,648,567.80
1150000	Taxes in International Trade and Transactions	25,181,943,630.50	26,993,179,971.30
	Total Tax Income	1,109,082,233,904.89	1,001,245,431,205.77
	Non Tax Income		
1160000	Other Revenue	42,873,176,006.85	37,154,624,799.05
1430000	Fines, Penalties and Forfeitures	2,278,336,399.60	2,490,948,629.20
1450000	Other receipts Not Classified Elsewhere	949,691,087.75	1,158,803,130.00
	Total Non-Tax Income	46,101,203,494.20	40,804,376,558.25

5.3 Grants received through National Exchequer Account

The budget support received from development partners is channelled through the National Exchequer Account and is summarized below:

Description	30 June 2016 Kshs	30 June 2015 Kshs
Grants from Foreign Governments	9,926,286,132.95	6,630,707,034.55
Grants from International Organizations	4,756,650,865.80	3,842,803,467.95
Grand total	14,682,936,998.75	10,473,510,502.50

5.4 Proceeds from domestic borrowings

The proceeds from sale of Treasury Bills and Treasury Bonds during the year were as summarised below:

Description	30 June 2016 Kshs	30 June 2015 Kshs
Treasury Bonds	281,411,581,648.95	255,680,000,000.00
Treasury Bills (net)	224,833,161,041.00	37,000,000,000.00
Net proceeds	506,244,742,689.95	292,680,000,000.00

5.5 Proceeds from external borrowings

The following loans amount was received through the National Exchequer Account as summarised below:

Description	30 June 2016 Kshs	30 June 2015 Kshs
Borrowings from foreign governments	33,728,855,127.50	30,310,028,918.55
Commercial Financing	134,932,200,816.70	215,469,626,035.75
Borrowings from international organizations	8,574,099,698.55	3,454,127,541.25
Total	177,235,155,513.55	249,233,782,495.55

5.6 Exchequer transfers to voted entities

The summary details of exchequer transfers per institution are shown below:

Description	30 June 2016 Kshs	30 June 2015 Kshs
National Government Recurrent	720,283,801,226.60	640,352,208,883.00
National Government Development	333,170,357,469.90	270,240,838,230.00
National Government CFS	476,248,207,207.00	454,466,411,172.00
County Governments	264,038,639,996.00	229,336,237,197.00
Net Exchequer transfers	1,793,741,005,899.50	1,594,395,695,482.00

See Annex 2 for a detailed analysis of the above exchequer transfers by MDA and County Government.

5.7 Closing Balances

The closing balance relates to the Exchequer cash book balance as at 30th June 2016.

Description	As at 30 June 2016 Kshs	As at 30 June 2015 Kshs
Exchequer cashbook balance	59,808,758,120.81	203,491,418.97
Grand total	59,808,758,120.81	203,491,418.97

The National Treasury
Statement of Receipts into and Issues from the National Exchequer Account
For the Financial Year ended 30th June 2016

Annex 2: Detailed statement of Exchequer

2.1 National Government Recurrent Budget FY 2015/2016

Vote	Vote Name	Original Estimates Recurrent Kshs	Revised Estimates Recurrent Kshs	Actual Transfer Recurrent 30 June 2016 Kshs	% Realized 2015/16
1011	The Presidency				
1021	State Department for Interior	5,941,525,810.00	7,846,370,049.00	7,749,100,000.00	98.8%
1022	State Department for Coordination of National Government	87,662,133,802.00	93,853,058,857.00	92,848,600,000.00	98.9%
1031	State Department for Planning	16,967,134,466.00	17,583,464,206.00	17,583,389,116.60	100.0%
1032	State Department for Devolution	19,600,767,000.00	19,250,593,736.00	18,152,300,000.00	94.3%
1041	Ministry of Defence	2,298,785,390.00	2,769,492,301.00	2,648,300,000.00	95.6%
1051	Ministry of Foreign Affairs	92,329,042,100.00	92,270,215,450.00	92,181,700,000.00	99.9%
1061	State Department for Education	12,067,065,466.00	14,423,795,003.00	14,075,000,000.00	97.6%
1062	State Department for Science & Technology	56,923,926,360.00	56,612,804,875.00	56,127,980,000.00	99.1%
1071	The National Treasury	42,669,829,183.00	43,694,441,557.00	42,898,900,000.00	98.2%
1081	Ministry of Health	43,216,461,912.00	40,667,213,863.00	38,942,735,000.00	95.8%
1091	State Department of Infrastructure	24,541,636,512.00	25,216,635,750.00	25,147,800,000.00	99.7%
1092	State Department of Transport	1,738,426,310.00	1,582,638,570.00	1,358,220,000.00	85.8%
1101	State Department for Environment & Natural Resources	1,421,462,190.00	1,406,140,590.00	1,388,780,000.00	98.8%
1102	State Department for Water & Regional Authorities	6,565,747,374.00	6,225,943,027.00	6,223,000,000.00	100.0%
1111	Ministry of Lands Housing and Urban Development	2,122,203,542.00	2,067,727,033.00	2,053,100,000.00	99.3%
1121	Ministry of Information, communication and Technology	3,926,131,392.00	3,767,431,392.00	3,765,000,000.00	99.9%
1131	Ministry of Sports Culture and Arts	2,949,532,300.00	2,819,400,303.00	2,661,100,000.00	94.4%
1141	Ministry of labour , Social Security and services	2,936,339,278.00	4,438,454,107.00	4,384,800,000.00	98.8%
1151	Ministry of Energy and Petroleum	9,158,881,990.00	9,018,432,345.00	8,624,440,000.00	95.6%
1161	State Department for Agriculture	1,793,068,130.00	1,834,126,466.00	1,834,000,000.00	100.0%
1162	State Department for Livestock	7,885,636,906.00	6,266,008,403.00	6,089,500,000.00	97.2%
1163	State Department for Fisheries	1,923,855,128.00	2,040,655,128.00	1,997,600,000.00	97.9%
1171	Ministry of Industrialization and Enterprise Development	1,368,536,694.00	1,330,837,823.00	1,330,700,000.00	100.0%
1181	State Department for Commerce & Tourism	2,544,513,330.00	2,946,549,455.00	2,933,250,000.00	99.5%
1182	State Department for East African Affairs	2,838,537,766.00	2,736,292,411.00	2,655,000,000.00	97.0%
1191	Ministry of Mining	1,664,097,404.00	1,619,799,592.00	1,614,400,000.00	99.7%
		714,072,090.00	723,070,000.00	628,600,000.00	86.9%

The National Treasury
Statement of Receipts into and Issues from the National Exchequer Account
For the Financial Year ended 30th June 2016

Vote	Vote Name	Original Estimates Recurrent Kshs	Revised Estimates Recurrent Kshs	Actual Transfer Recurrent 30 June 2016 Kshs	% Realized 2015/16
251	Office of The Attorney General and Department of Justice	3,711,026,884.00	3,461,165,714.00	3,223,300,000.00	93.1%
261	The Judiciary	12,623,930,000.00	11,684,030,000.00	10,996,630,000.00	94.1%
271	Ethics & Anti-Corruption Commission	2,311,920,000.00	2,957,220,000.00	2,561,800,000.00	86.6%
281	National Intelligence Service	20,142,000,000.00	21,492,000,000.00	21,484,100,000.00	100.0%
291	Directorate of Public Prosecution	1,964,004,002.00	2,384,404,002.00	1,991,600,000.00	83.5%
301	Commission For The Implementation of the constitution	312,040,000.00	312,040,000.00	312,000,000.00	100.0%
311	Registrar of Political Parties	505,781,810.00	533,482,521.00	519,300,000.00	97.3%
321	Witness Protection Agency	364,705,000.00	369,705,000.00	369,700,000.00	100.0%
311	Kenya national Human Rights & Equality Comm.	459,100,000.00	459,100,000.00	441,700,000.00	96.2%
321	National Land Commission	1,101,365,410.00	1,240,125,410.00	1,182,100,000.00	95.3%
331	Independent Electoral & Boundaries Comm.	4,187,919,790.00	4,878,706,360.00	4,289,200,000.00	87.9%
341	Parliamentary Service Commission	8,900,416,731.00	9,328,416,731.00	9,098,000,000.00	97.5%
342	National Assembly	15,156,583,269.00	15,460,583,269.00	12,876,900,000.00	83.3%
351	Judicial Service Commission	473,200,002.00	473,200,002.00	405,000,000.00	85.6%
361	The commission on Revenue Allocation	344,342,400.00	324,537,110.00	324,537,110.00	100.0%
371	Public Service Commission	1,118,400,000.00	1,080,888,443.00	1,075,800,000.00	99.5%
381	Salaries & Remuneration Commission	722,732,086.00	970,213,417.00	970,000,000.00	100.0%
391	Teachers Service Commission	180,991,612,264.00	186,298,500,000.00	184,675,540,000.00	99.1%
401	National Police Service Commission	437,500,000.00	475,548,410.00	459,500,000.00	96.6%
411	Auditor General	3,626,090,000.00	3,594,625,225.00	3,519,900,000.00	97.9%
421	Controller Of Budget	580,830,272.00	529,094,176.00	496,000,000.00	93.7%
431	The commission on Administrative Justice	480,710,920.00	480,710,920.00	443,900,000.00	92.3%
441	National Gender & Equality Commission	314,151,440.00	309,851,440.00	309,000,000.00	99.7%
451	Independent Police Oversight Authority	419,483,700.00	395,893,898.00	361,000,000.00	91.2%
	Sub-total National Government Recurrent	717,019,195,805.00	734,505,634,340.00	720,283,801,226.60	98.1%

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2.2 National Government Development Budget

Vote	Vote Name	Original Estimates Development Kshs	Revised Estimates Development Kshs	Actual Development Transfers 30 June 2016 Kshs	Realized 2015/ %
1011	The Presidency	1,846,129,798.00	1,040,129,798.00	542,800,000.00	52.2
1021	State Department for Interior	14,200,122,356.00	15,396,122,356.00	14,377,000,000.00	93.4
1022	State Department for Coordination of National Government	1,011,000,000.00	611,000,000.00	607,310,883.40	99.4
1031	State Department for Planning	60,218,095,064.00	52,565,085,436.00	51,763,861,565.00	98.5
1032	State Department for Devolution	5,322,417,760.00	5,629,067,259.00	4,763,131,312.00	84.6
1041	Ministry of Defence	-	22,949,620.00	-	0.0
1051	Ministry of Foreign Affairs	1,349,150,000.00	1,151,150,000.00	1,036,200,000.00	90.0
1061	State Department for Education	21,356,204,460.00	7,351,206,957.00	4,003,157,910.00	54.5
1062	State Department for Science & Technology	11,086,318,227.00	8,908,559,192.00	8,118,200,000.00	91.1
1071	The National Treasury	33,568,291,200.00	45,836,475,797.00	43,453,428,915.00	94.8
1081	Ministry of Health	19,648,428,814.00	21,525,516,777.00	17,019,501,618.40	79.1
1091	State Department of Infrastructure	62,266,034,686.00	57,814,629,334.00	55,200,139,357.00	95.5
1092	State Department of Transport	5,337,970,456.00	6,854,774,456.00	6,284,999,523.00	91.7
1101	State Department for Environment & Natural Resources	5,191,308,490.00	4,691,919,691.00	3,311,430,770.00	70.6
1102	State Department for Water & Regional Authorities	18,858,613,500.00	16,768,810,858.00	14,554,335,406.00	86.8
1111	Ministry of Lands Housing and Urban Development	23,608,119,030.00	22,170,049,190.00	18,946,309,870.00	85.5
1121	Ministry of Information, communication and Technology	5,143,097,566.00	11,594,097,566.00	11,548,716,426.00	99.6
1131	Ministry of Sports Culture and Arts	3,550,400,000.00	2,169,500,000.00	2,166,400,000.00	99.9
1141	Ministry of labour , Social Security and Services	15,578,313,290.00	15,276,313,290.00	11,152,027,940.00	73.0
1151	Ministry of Energy and Petroleum	28,970,161,900.00	35,604,570,454.00	33,318,766,855.10	93.6
1161	State Department for Agriculture	20,412,053,968.00	15,004,559,671.00	13,278,796,491.00	88.5
1162	State Department for Livestock	3,801,694,598.00	3,242,266,598.00	2,849,073,423.00	87.9
1163	State Department for Fisheries	2,139,232,762.00	2,332,625,853.00	1,808,199,900.00	77.5
1171	Ministry of Industrialization and Enterprise Development	5,938,862,658.00	5,128,862,658.00	4,808,109,940.00	93.7
1181	State Department for Commerce & Tourism	7,789,898,400.00	4,380,898,400.00	3,860,900,000.00	88.1
1182	State Department of East African Affairs	50,000,000.00	-	-	0.0
1191	Ministry of Mining	1,474,000,000.00	568,000,000.00	324,000,000.00	57.0
1251	Office of The Attorney General and Department of Justice	241,000,000.00	144,000,000.00	102,600,000.00	71.3
1261	The Judiciary	4,063,770,000.00	3,114,978,000.00	1,778,699,365.00	57.1

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Vote	Vote Name	Original Estimates Development Kshs	Revised Estimates Development Kshs	Actual Development Transfers 30 June 2016 Kshs	Realized 2015/16
271	Ethics & Anti-Corruption Commission	300,000,000.00	-	-	0.0
291	Directorate of Public Prosecution	254,000,000.00	73,000,000.00	22,160,000.00	30.4
021	National Land Commission	439,200,000.00	289,200,000.00	288,500,000.00	99.8
031	Independent Electoral & Boundaries Comm.	98,000,000.00	27,000,000.00	26,500,000.00	98.1
041	Parliamentary Service Commission	3,200,000,000.00	2,100,000,000.00	1,698,100,000.00	80.9
071	Public Service Commission	166,831,450.00	51,831,450.00	49,000,000.00	94.5
091	Teachers Service Commission	200,000,000.00	67,000,000.00	-	0.0
111	Auditor General	402,183,176.00	135,183,176.00	108,000,000.00	79.9
141	National Gender & Equality Commission	-	18,217,687.00	-	0.0
	Sub-total National Government Development	389,080,903,609.00	369,659,551,524.00	333,170,357,469.90	90.1

2.3 National Government Consolidated Fund Services Budget

Vote	Vote Name	Original Estimates Kshs	Revised Estimates Kshs	Total Actual Transfers 30/06/2016 Kshs	% Realized 2015/16
50	Public Debt	437,459,368,571.00	437,459,368,571.00	421,849,938,287.00	96.4
51	Pension & Gratuities	51,691,127,200.00	51,691,127,200.00	50,860,000,000.00	98.4
52	Salaries, Allowances and Miscellaneous Services	5,523,657,719.00	5,523,657,719.00	3,536,425,460.00	64.0
53	Subscription to international organ.	2,243,458.00	2,243,458.00	1,843,460.00	82.2
	Total CFS	494,676,396,948.00	494,676,396,948.00	476,248,207,207.00	96.3

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2.4 Transfers to County Governments

Vote	County Governments	Original Estimates	Revised Estimates	Total Actual Transfers 30/06/2016	% Realized FY 2015/16
		Kshs	Kshs	Kshs	
4460	Baringo County	4,466,546,026.00	4,466,546,026.00	4,453,561,026.00	99.7%
4760	Bomet County	4,721,843,298.00	4,721,843,298.00	4,724,513,298.00	100.1%
4910	Bungoma County	7,123,863,962.00	7,123,863,962.00	7,116,488,962.00	99.9%
4960	Busia County	6,019,850,944.00	6,019,850,944.00	6,019,850,944.00	100.0%
4360	Elgeyo/Marakwet County	3,291,240,729.00	3,291,240,729.00	3,291,240,729.00	100.0%
3660	Embu County	4,044,572,697.00	4,044,572,697.00	4,037,697,697.00	99.8%
3310	Garissa County	6,149,677,408.00	6,149,677,408.00	6,140,707,408.00	99.9%
5110	Homa Bay County	5,659,730,034.00	5,659,730,034.00	5,659,730,034.00	100.0%
3510	Isiolo County	3,064,535,534.00	3,064,535,534.00	3,064,535,534.00	100.0%
4660	Kajiado County	4,430,515,800.00	4,430,515,800.00	4,430,515,800.00	100.0%
4810	Kakamega County	9,274,632,376.00	9,274,632,376.00	9,262,882,376.00	99.9%
4710	Kericho County	4,527,664,038.00	4,527,664,038.00	4,524,994,038.00	99.9%
4060	Kiambu County	7,812,785,789.00	7,812,785,789.00	7,812,785,789.00	100.0%
3110	Kilifi County	7,456,746,645.00	7,456,746,645.00	7,456,746,645.00	100.0%
3960	Kirinyanga County	3,550,987,626.00	3,550,987,626.00	3,550,987,626.00	100.0%
5210	Kisii County	7,455,194,085.00	7,455,194,085.00	7,455,194,085.00	100.0%
5060	Kisumu County	6,036,462,140.00	6,036,462,140.00	6,036,462,140.00	100.0%
3710	Kitui County	7,304,263,063.00	7,304,263,063.00	7,304,263,063.00	100.0%
3060	Kwale County	5,139,317,562.00	5,139,317,562.00	5,139,317,562.00	100.0%
4510	Laikipia County	3,461,078,893.00	3,461,078,893.00	3,461,078,893.00	100.0%
3210	Lamu County	2,059,523,746.00	2,059,523,746.00	2,059,523,746.00	100.0%
3760	Machakos County	7,099,679,753.00	7,099,679,753.00	7,072,979,753.00	99.6%
3810	Makueni County	5,993,801,381.00	5,993,801,381.00	5,981,736,381.00	99.8%
3410	Mandera County	8,970,323,809.00	8,970,323,809.00	8,970,323,809.00	100.0%
3460	Marsabit County	5,204,811,933.00	5,204,811,933.00	5,197,136,933.00	99.9%
3560	Meru County	6,758,511,070.00	6,758,511,070.00	6,737,921,070.00	99.7%
5160	Migori County	5,857,292,127.00	5,857,292,127.00	5,847,072,127.00	99.8%
3010	Mombasa County	5,607,104,835.00	5,607,104,835.00	5,600,804,835.00	99.9%
4010	Muranga County	5,380,807,309.00	5,380,807,309.00	5,380,807,309.00	100.0%
5310	Nairobi County	13,024,408,958.00	13,024,408,958.00	12,996,608,958.00	99.8%
4560	Nakuru County	8,518,784,086.00	8,518,784,086.00	8,518,784,086.00	100.0%
4410	Nandi County	4,773,415,868.00	4,773,415,868.00	4,773,415,868.00	100.0%
4610	Narok County	5,305,791,138.00	5,305,791,138.00	5,305,791,138.00	100.0%
5260	Nyamira County	4,178,458,019.00	4,178,458,019.00	4,178,458,019.00	100.0%
3860	Nyandarua County	4,325,930,831.00	4,325,930,831.00	4,325,930,831.00	100.0%
3910	Nyeri County	4,840,770,218.00	4,840,770,218.00	4,840,770,218.00	100.0%
4210	Samburu County	3,563,271,938.00	3,563,271,938.00	3,563,271,938.00	100.0%
5010	Siaya County	5,022,828,722.00	5,022,828,722.00	5,022,828,722.00	100.0%
3260	Taita County	3,324,378,191.00	3,324,378,191.00	3,324,378,191.00	100.0%
3160	Tana River County	3,993,859,971.00	3,993,859,971.00	3,993,859,971.00	100.0%
3610	Tharaka Nithi County	3,149,896,667.00	3,149,896,667.00	3,149,896,667.00	100.0%

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Vote	County Governments	Original Estimates	Revised Estimates	Total Actual Transfers 30/06/2016	% Realized FY 2015/16
		Kshs	Kshs	Kshs	
1260	Tranzoia County	5,110,942,701.00	5,110,942,701.00	5,105,277,701.00	99.9%
1110	Turkana County	10,491,103,426.00	10,491,103,426.00	10,485,068,426.00	99.9%
1310	Uasin Gishu County	5,208,199,968.00	5,208,199,968.00	5,208,199,968.00	100.0%
1860	Vihiga County	3,885,581,960.00	3,885,581,960.00	3,885,581,960.00	100.0%
1360	Wajir County	7,252,830,318.00	7,252,830,318.00	7,242,785,318.00	99.9%
1160	West Pokot County	4,325,872,404.00	4,325,872,404.00	4,325,872,404.00	100.0%
	Total County Governments	264,219,689,996.00	264,219,689,996.00	264,038,639,996.00	99.9%